

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University November 1985

Employment Sets New Record . . . But Sluggish Performance Continues

Pennsylvania's economy remained flat in September despite a record-setting level of employment. The index of coincident indicators fell 0.2 point to 87.1 percent of its January 1972 average. This follows a fall in July and no change in August. Continued sluggishness in the manufacturing sector smothered any chance for a rebound in the index.

Approximately 48 thousand Pennsylvania residents entered the labor force in search of work in September. The economy generated 43 thousand new jobs for a 0.8 percent seasonally adjusted gain. This pushed employment up to a record-high 5.16 million on an adjusted basis, bettering the old mark of 5.14 million set in March 1981. September employment was 3.6 percent above a year ago.

The difference between the increase in the labor force and the rise in employment represents the jump in the number of unemployed. The 432 thousand Pennsylvania residents counted as unemployed in September was up an adjusted 5 thousand from August but was down 85 thousand from a year ago. Not enough jobs were created to offset the increase in the labor force in September. Despite the rise in employment, the unemployment rate remained at 7.5 percent for the second straight month. The minimal increase in initial claims for unemployment insurance does not point to any significant near-term increase in unemployment.

In comparison, employment in the U.S. rose 0.5 percent in September and was 2 percent higher than a year ago. The number of individuals counted as unemployed was up 2.6 percent from August. The unemployment rate stood at 7.1 percent.

One sore spot for the national economy may be the severe indebtedness of consumers. Household spending

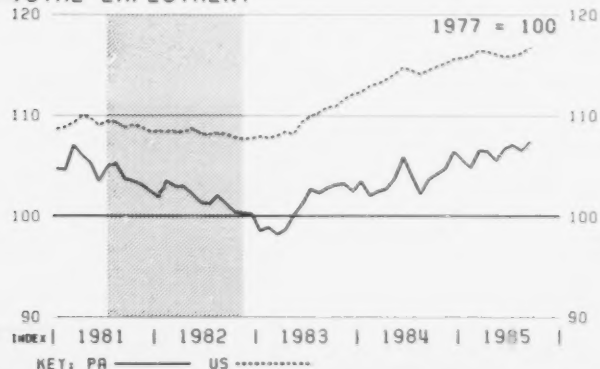
has surged as of late. In the process, consumers have taken on extra debt and pushed the savings rate to an all-time low. Consumer spending may contribute little to economic growth once the household sector begins to reduce its debt burden.

The number of jobs in Pennsylvania nonagricultural establishments rose to 4.73 million on a seasonally adjusted basis for a slight 0.1 percent gain over August. This is the fifth consecutive increase and leaves establishment employment 1.3 percent higher than last year. Employment in the nation's establishments also rose by 0.1 percent in September.

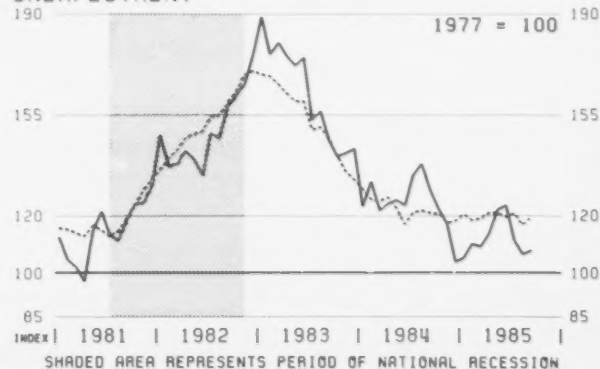
Employment in Pennsylvania's manufacturing sector dipped to 1.07 million for a seasonally adjusted 0.5 percent fall from August. Eight straight months of decline has brought about a 4.2 percent reduction in the number of manufacturing jobs compared to a year ago. Durable goods establishments employed 700 fewer workers on a seasonally adjusted basis relative to August while nondurable goods establishments had 5,100 fewer workers. Nationally, a 0.4 percent decline in manufacturing employment took place.

Additional signs of manufacturing's slump in Pennsylvania are not hard to find. The average factory workweek fell to a seasonally adjusted 39.8 hours from 40 hours in August due to a less than normal increase in the unadjusted series. Both total hours worked and total payrolls in Pennsylvania's factories fell in September. August's gains in steel output were not maintained as average daily production fell a seasonally adjusted 9.5 percent in Pennsylvania compared to the nation's 0.5 percent drop. Pennsylvania's share of total domestic steel production tumbled from 13.4 to 12.7 percent. Sales of electricity to industrial customers, a short-run indicator

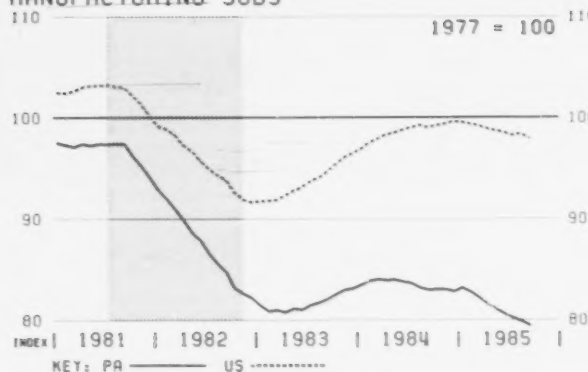
TOTAL EMPLOYMENT



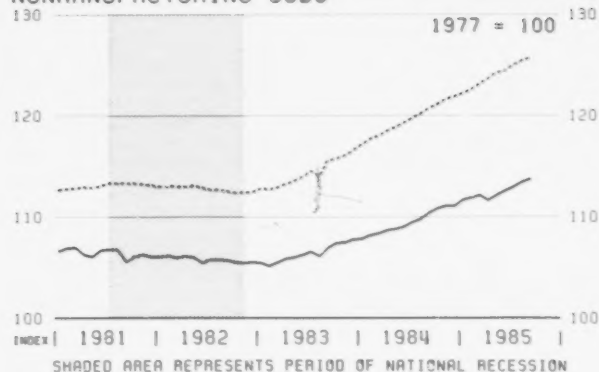
UNEMPLOYMENT



MANUFACTURING JOBS



NONMANUFACTURING JOBS



of industrial activity, fell an adjusted 0.5 percent.

Gains in nonmanufacturing employment again offset manufacturing's losses in Pennsylvania. The number of jobs in these establishments rose a seasonally adjusted 0.3 percent to 3.66 million. This left the sector's employment 3 percent above a year ago. Nationally, a gain of 0.2 percent took place in September relative to the previous month. All of Pennsylvania's increase

occurred in service-producing industries where 11 thousand jobs were added in September. State and local government employment surged, probably due to an increase in education-related jobs.

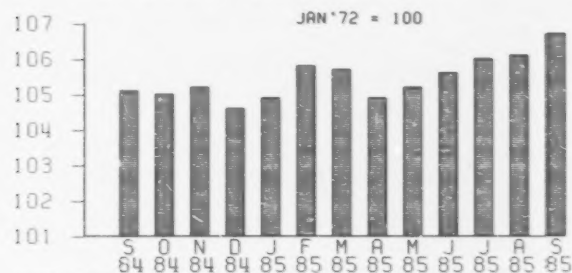
Activity in Pennsylvania's construction industry was down in September. The number of jobs in the industry fell 0.9 percent on a seasonally adjusted basis. Also, the value of construction contracts awarded dropped an

Economic Activity in Pennsylvania	UNADJUSTED DATA			SEASONALLY ADJUSTED DATA			SEASONALLY ADJUSTED INDEXES (1977 = 100)		
	1985		1984	1985		1984	1985		1984
	August	Sept	Sept	August	Sept	Sept	August	Sept	Sept
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salaried jobs (thous.) ¹	4,740*	4,764	4,700	4,726*	4,730	4,669	103.5	103.6	102.3
Nonmanufacturing									
No. of wage and salaried jobs (thous.)	3,656*	3,678	3,571	3,655*	3,664	3,557	113.4	113.7	110.4
Manufacturing									
No. of wage and salaried jobs (thous.)	1,082*	1,078	1,124	1,071*	1,066	1,112	79.8*	79.4	82.9
Ave. wkly. hrs. worked by prod. workers	39.8	40.0	40.3	40.0	39.8	40.1	101.1	100.8	101.5
Total wkly. person-hours worked (mils.)	29.3*	29.4	31.3	29.2*	29.1	30.9	76.1	75.8	80.6
Total wkly. payroll (mil. dols.)	279.1*	281.5	292.4	279.9*	278.5	289.2	124.6*	123.9	128.7
Steel production (thous. tons)	954	881	961	n.a.	n.a.	n.a.	49.4	44.7	48.5
Industrial electric power sales (mil. kwh)	3,534	3,563	3,579	3,506	3,489	3,528	94.9	94.5	95.5
Mining									
Anthracite coal (thous. net tons)	302	281	445	252	263	425	51.6	53.9	87.0
Bituminous coal (thous. net tons)	5,136	n.a.	7,555†	4,779	n.a.	6,890†	67.8	n.a.	97.7†
Construction contracts awarded (mil. dols.)									
Total	740.4	640.0	522.5*	737.3	609.2	502.4*	229.2	189.4	156.2*
Residential building	328.1	305.4	198.2*	253.1	277.8	191.3*	179.8	197.4	135.9*
Other building	309.5	178.8	234.1*	383.8	152.8	214.0*	353.8	140.8	197.3*
Nonbuilding (utilities and public works)	102.8	155.9	90.1*	100.4	178.6	97.1*	138.5	246.4	134.0*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,252	5,202	5,019	5,119	5,162	4,981	106.5	107.4	103.6
Unemployed									
No. of persons (thous.)	412	395	480	427	432	517	106.6	107.8	128.8
Rate (percentage of labor force)	7.3	7.1	8.7						
Rate, seasonally adjusted				7.5	7.5	9.3			
Civilian labor force, no. of persons (thous.)	5,664	5,597	5,499	5,546	5,594	5,497	106.5	107.4	105.6
Initial claims for unemployment benefits	94,431	94,471	91,693	114,718	114,724	118,820	80.1	80.1	83.0
Consumer Prices, all items									
Urban Indexes (1967 = 100)				Percentage Change					
1985		1984		Month	Year				
August	Sept	Sept		Ago	Ago				
U.S. city average	323.5	324.5	314.5	+0.3	+3.2				
Philadelphia	315.8	316.5	303.9	+0.2	+4.1				
Pittsburgh	325.9	n.a.	319.1†	n.a.	+2.1				
Northeast PA	n.a.	306.8	298.2	n.a.	+2.9				

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1984 benchmarks.

¹ Total includes workers on strike. * = figure revised † = figure for August 1984 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

PENNSYLVANIA COMPOSITE INDEX OF LEADING INDICATORS



SOURCE: THE PENNSYLVANIA STATE UNIVERSITY COLLEGE OF BUSINESS ADMINISTRATION

adjusted 17.4 percent to \$609.2 million. All of the decline in contract values occurred in the nonresidential building category. There were gains in residential and nonbuilding contract values. Contract values were up 21.3 percent compared to last year.

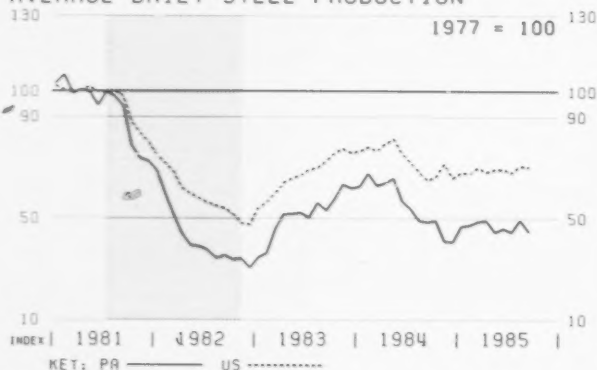
Approximately 700 mining jobs were lost in Pennsylvania during September for a 1.9 percent seasonally adjusted fall. However, output in the Commonwealth's anthracite coal mines jumped an adjusted 4.5 percent.

Despite the apparent sluggishness in the Pennsylvania economy, there are reasons for optimism. The index of leading indicators rose to 106.6 in September from a revised 106.1 in August on the strength of gains in

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	Coincident	Leading	Coincident
February 1985	105.8	88.0	0.9	-0.3
March	105.7	88.2	-0.1	0.2
April	104.9	87.6	-0.8	-0.7
May	105.2	87.2	0.3	-0.5
June	105.6	87.7	0.4	0.6
July	106.0	87.3	0.4	-0.5
August	106.1	87.3	0.1	0.0
September	106.6	87.1	0.5	-0.2

AVERAGE DAILY STEEL PRODUCTION



residential construction activity. This is the fifth consecutive increase in the index.

— William D. Anderson

Around the State

Statewide trends in the third quarter were as follows:

- Resident employment rose an adjusted 0.7 percent from the second quarter and 3.6 percent from a year ago. Unemployment fell a seasonally adjusted 9.2 percent and 18.7 percent over the same time periods. The unemployment rate stood at an adjusted 7.6 percent compared to 8.6 percent in the previous period and 9.6 percent a year ago.

- Nonagricultural establishment employment rose 0.5 percent on a seasonally adjusted basis from the second quarter and 1.5 percent from a year ago. While manufacturing employment has declined as of late, nonmanufacturing employment jumped an adjusted 1.1 percent from the previous period and 3.2 percent from 1984:IIIQ.

- Industrial power sales were down from earlier levels.

- The average factory workweek rose to a seasonally adjusted 39.9 hours per week from 39.6 hours. Last year, the average workweek stood at 40.1 hours.

- The value of residential construction contracts was 3 percent higher than in the second quarter and up by one-third from a year ago. Nonresidential awards rose 6 percent from the previous quarter and 5 percent from the third quarter of 1984.

Southeastern Quarter

Harrisburg-Lebanon-Carlisle

Total employment in the Harrisburg-Lebanon-Carlisle area rose for the sixth consecutive quarter, ending this year's third quarter at its highest level since record-keeping began for the area in 1975. Another 2 thousand residents found jobs, bringing the adjusted employment level to 300.3 thousand. Area employment increased 3.7 percent or 10.7 thousand over the year.

Meanwhile, the civilian labor force contracted slightly from second quarter's record-high level. Resident unemployment fell from an adjusted 18.2 thousand to 15.9 thousand. Together, these trends pushed the unemployment rate down to a seasonally adjusted 5 percent, the second lowest in the State.

Seasonally adjusted employment in the nonmanufacturing sector ended the quarter at a record-high 222.5 thousand. This represents an adjusted increase of 0.9 percent from the previous quarter and 2.9 percent from a year earlier. Employment in the sector has been increasing steadily since the first quarter of 1983.

The manufacturing sector, on the other hand, lost 900

workers, lowering the third quarter job level to a seasonally adjusted 50.9 thousand. Manufacturing in the MSA, as in other areas of the State, declined over the year and remained well below pre-recession averages. However, electric power sales, a short-run indicator of industrial activity, jumped an adjusted 15.5 percent over the quarter.

The declines in factory employment were enough to push total nonagricultural employment down an adjusted 0.1 percent to 273.4 thousand from second quarter's record high. Nonagricultural employment increased by 1.1 percent or 3.1 thousand workers from the third quarter of 1984.

The value of residential construction awards increased another 1 percent last quarter while nonresidential awards were valued nearly 50 percent higher. Over the year, the value of residential building contracts awarded increased 46 percent but the value of nonresidential awards declined 73 percent.

Lancaster

Once again, the Lancaster MSA had the distinction of having the lowest unemployment rate among the State's labor market areas in the third quarter. The seasonally adjusted rate of 4.6 percent was 0.2 percentage point less than in the previous period. The area's unemployment rate was pushed down by a reduction in the number of unemployed coupled with an increase in the civilian labor force.

The number of area residents counted as unemployed fell an adjusted 300 persons to 9.3 thousand. This follows a jump of 1.2 thousand between the first and second quarters of the year. The labor force, with 1.8 thousand new potential workers, was adjusted at 199.9 thousand, a new record. Resident employment increased by 2 thousand workers, ending the quarter at a record-setting 190.5 thousand on a seasonally adjusted basis.

Third quarter's record establishment employment level, 164.6 thousand, was due to strong gains in the nonmanufacturing sector. Ending the period with an adjusted total of 108.2 thousand employees, another new record, the sector gained 1.4 thousand workers over the quarter. There were 4.4 thousand more nonmanufacturing jobs than a year ago.

Mirroring trends across the State, manufacturing employment declined by 400 over the quarter in the Lancaster area. Factory employment fell 3.6 percent over the year and was 7.4 percent lower than pre-recession levels.

Industrial electric power sales were stable over the quarter and increased 2 percent over the year. The length of the average factory workweek rose 0.4 hour during the third quarter to 40.1 hours per week after seasonal adjustment. Construction activity in the area, as measured by the value of contracts awarded, tailed off last quarter, falling 18 percent and 5 percent in the residential and nonresidential areas, respectively. Contract values were, however, higher than a year ago.

Harrisburg-Lebanon-Carlisle Area¹

	Ave. mo value 3 Q '85	Average monthly index seas. adj. (1977 = 100) 3 Q '85 2 Q '85 3 Q '84		
Employment (in thousands)				
Employed, no. of residents	306.8	116	115	112
Unemployed, no. of residents	15.2	103	118	121
Rate, seasonally adjusted	5.0			
Civilian labor force, no. of residents	322.0	115	115	112
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	275.6	111	110	110
Nonmfg. only, no. of jobs	223.8	116	115	113
Mfg. only, no. of jobs	51.7	93	95	99
Hrs. worked by production workers in mfg., ave. weekly	39.5	n.a.	n.a.	n.a.
Industrial electric power sales	***	82	71	93
		Percentage Change		
Construction contracts awarded (in millions of dollars)	Total 3 Q '85	Quarter Ago	Year Ago	
Residential contracts only	57.0	+ 1	+46	
Nonresidential contracts only	32.2	+47	-73	

¹Cumberland, Dauphin, Lebanon, and Perry Counties

Philadelphia

Resident employment in the Philadelphia area increased a seasonally adjusted 1 percent last quarter to its highest level ever. Employment rose by 22.3 thousand residents to 2.16 million. As resident employment levels improved in the area, so did unemployment. The number of residents counted as unemployed decreased an adjusted 10.8 percent over the quarter to 129.5 thousand. This decline helped lower the unemployment rate 0.5 point to 5.8 percent on a seasonally adjusted basis, the third lowest in the State during the quarter.

A record was also set in the nonmanufacturing sector where 1.63 million were employed during the third quarter in the Philadelphia area. The number of nonmanufacturing jobs rose 1 percent over the quarter and 2.2 percent over the year.

Nonmanufacturing's gains helped push establishment employment to 2.02 million, a record-high. Factory

Lancaster Area¹

	Ave. mo. value 3 Q '85	Average monthly index seas. adj. (1977 = 100) 3 Q '85 2 Q '85 3 Q '84		
Employment (in thousands)				
Employed, no. of residents	195.3	121	120	117
Unemployed, no. of residents	8.5	113	117	127
Rate, seasonally adjusted	4.6			
Civilian labor force, no. of residents	203.7	121	120	117
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	165.4	116	116	115
Nonmfg. only, no. of jobs	108.4	128	126	123
Mfg. only, no. of jobs	57.0	99	100	103
Hrs. worked by production workers in mfg., ave. weekly	40.0	101	100	100
Industrial electric power sales	***	122	122	120
Construction contracts awarded (in millions of dollars)	Total	Percentage Change		
	3 Q '85	Quarter Ago	Year Ago	
Residential contracts only	44.8	- 18	+ 8	
Nonresidential contracts only	10.8	- 5	+ 19	

¹Lancaster County

employment, however, did not contribute to the area's economic expansion. Job levels in the sector fell 1.1 percent over the quarter and about the same over the year. Manufacturing employment stood 13.8 percent less than in 1979, the year before the two most recent recessions.

Not all economic indicators experienced upturns during the third quarter. The length of the average factory workweek declined to an adjusted 39.9 hours per week, the first time it has been below 40 hours since 1983:IVQ. Industrial electric power sales contracted 2.2 percent. Construction activity was mixed. The slight decline in the value of nonresidential construction contracts was offset by an increase in the value of residential building awards. Nonresidential contract values were up 27 percent relative to a year ago while residential values rose 47 percent.

Philadelphia Area¹

	Ave. mo. value 3 Q '85	Average monthly index seas. adj. (1977 = 100) 3 Q '85 2 Q '85 3 Q '84		
Employment (in thousands)				
Employed, no. of residents	2177.1	114	113	110
Unemployed, no. of residents	134.2	73	82	90
Rate, seasonally adjusted	5.8			
Civilian labor force, no. of residents	2311.2	111	110	109
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	2016.1	110	110	109
Nonmfg. only, no. of jobs	1621.8	118	116	115
Mfg. only, no. of jobs	392.1	88	89	89
Hrs. worked by production workers in mfg., ave. weekly	39.8	100	101	102
Industrial electric power sales	***	99	101	99
Construction contracts awarded (in millions of dollars)				
	Total 3 Q '85	Percentage Change Quarter Ago Year Ago		
Residential contracts only	470.7	+ 17		+ 47
Nonresidential contracts only	340.1	- 2		+ 27

¹Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading

The employment situation in the Reading area during the third quarter was similar to that in many other regions across the State. While nonmanufacturing job levels reached a new high, the manufacturing sector contracted.

Nonmanufacturing employment jumped an adjusted 0.9 percent to 94.2 thousand in the period. Employment in these establishments rose 5 percent over the year. Third quarter's gains were not large enough to offset the seasonally adjusted 2.5 percent reduction in the number of manufacturing jobs. The end result was a fall in nonagricultural employment from an adjusted 144.6 thousand in the second quarter to 144.1 thousand in the third.

Resident employment totaled 155.9 thousand on a seasonally adjusted basis, down 300 from the previous quarter. Employment was up 6.1 thousand from a year

Reading Area¹

	Ave. mo. value 3 Q '85	Average monthly index seas. adj. (1977 = 100) 3 Q '85 2 Q '85 3 Q '84		
Employment (in thousands)				
Employed, no. of residents	157.9	116	116	111
Unemployed, no. of residents	12.0	144	144	143
Rate, seasonally adjusted	7.7			
Civilian labor force, no. of residents	169.8	117	118	113
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	143.4	110	110	108
Nonmfg. only, no. of jobs	93.5	117	116	111
Mfg. only, no. of jobs	49.9	98	101	103
Hrs. worked by production workers in mfg., ave. weekly	40.3	104	102	103
Industrial electric power sales	***	123	118	124
Construction contracts awarded (in millions of dollars)	Total	Percentage Change		
	3 Q '85	Quarter Ago	Year Ago	
Residential contracts only	26.2	- 17	+ 31	
Nonresidential contracts only	7.1	+ 42	- 23	

¹Berks County

ago. The decline in the unadjusted level of unemployment was no larger than expected as the number of unemployed remained at 13.1 thousand on a seasonally adjusted basis for the second consecutive quarter. This, coupled with a slight decline in the area's labor force, pushed the adjusted unemployment rate up 0.1 percentage point to 7.7 percent. In the third quarter of 1984, the rate stood at 8 percent.

On the bright side, sales of electricity to industrial customers in the region rose an adjusted 4.6 percent. However, sales were down 1.1 percent from a year ago. The average factory workweek jumped 0.5 hour to 40.6 hours per week after seasonal adjustment. The workweek has not been below 40 hours since 1983:IIQ.

Construction activity, as measured by the value of contracts awarded, was mixed. The value of residential contracts, was down 17 percent from the second quarter but up 31 percent from a year ago. Nonresidential contract values were up 42 percent from the previous period but down 23 percent from last year.

York

The York area economy ended the third quarter by setting several records on the employment front. Resident employment increased a seasonally adjusted 1.1 percent to a record-high 177.1 thousand. This left employment 4.4 percent higher than a year ago.

Unemployment declined by 900 residents over the quarter to an adjusted total of 14 thousand, partially offsetting the increase which occurred between the first and second quarters. The area's labor force rose to a record 191.1 thousand on a seasonally adjusted basis. These trends brought about a fall in the unemployment rate to a seasonally adjusted 7.3 percent. The rate stood at 7.7 percent in the second quarter and 8.5 percent last year.

After a slight decline in the second quarter,

York Area¹

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q '85	3 Q '85	2 Q '85	3 Q '84
Employment (in thousands)				
Employed, no. of residents	180.3	120	118	115
Unemployed, no. of residents	13.4	141	150	159
Rate, seasonally adjusted	7.3			
Civilian labor force, no. of residents	193.7	121	120	118
Local industries (in thousands)				
All nonagricultural ind., no. of				
wage and salary jobs	162.5	114	114	112
Nonmfg. only, no. of jobs	104.0	126	124	120
Mfg. only, no. of jobs	58.5	97	99	101
Hrs. worked by production workers in mfg., ave. weekly	40.9	99	99	101
Industrial electric power sales	***	98	105	102
Construction contracts awarded (in millions of dollars)				
	Total	Percentage Change		
	3 Q '85	Quarter Ago	Year Ago	
Residential contracts only	37.0	+ 1	+ 34	
Nonresidential contracts only	10.7	- 12	- 23	

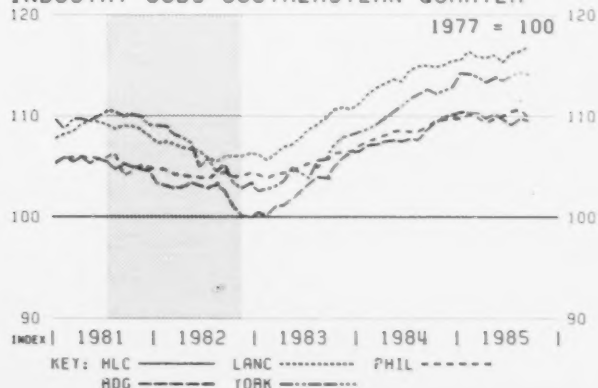
¹Adams and York Counties

nonagricultural employment rose a seasonally adjusted 0.5 percent to 162 thousand, matching the record level set during the first three months of this year. Only the nonmanufacturing sector showed gains in employment. The sector added 1.9 thousand jobs to reach its highest employment level ever, 104 thousand after seasonal adjustment.

Factory workers did not fare as well. Adjusted employment declined 1.7 percent to 58.1 thousand, its lowest level in two years. Consequently, industrial power sales, a short-run indicator of industrial production, declined an adjusted 6 percent over the quarter. But as in other areas of the State, the length of the factory workweek increased 0.3 hour over the quarter to an adjusted 40.9 hours per week.

Construction activity was sluggish during the quarter. Residential contract values realized a minimal increase while nonresidential contract values declined 12 percent over the quarter. Relative to a year ago, contract values were up in the residential area but down for nonresidential construction.

INDUSTRY JOBS SOUTHEASTERN QUARTER



Northeastern Quarter

Allentown-Bethlehem

The Allentown-Bethlehem area achieved a record level of employment in nonmanufacturing establishments last quarter. Nonmanufacturing employment was up 1.5 thousand from the previous quarter to an adjusted 178.2 thousand workers.

Manufacturing did not fare as well. Another seasonally adjusted 700 factory jobs were lost for the third consecutive quarterly decline. This lowered manufacturing employment to 86.5 thousand, its lowest level since data collection began in 1962. Employment in the sector was 4.3 percent less than a year ago. Manufacturing's losses held the increase in nonagricultural employment to an adjusted 0.3 percent during the quarter and a mere 1.5 percent from a year ago.

The civilian labor force reached a record-high 319.4 thousand on a seasonally adjusted basis for an increase of 1.8 percent over the year. The 294 thousand residents counted as employed also set a new record. Third quarter's adjusted resident employment total represents a gain of 1.1 thousand from the previous period and 10.5 thousand over the year.

Total resident unemployment declined a seasonally adjusted 2.7 percent from the second quarter and 15.6 percent over the year. At 25.4 thousand, unemployment remained 27.3 percent above the 1979 average but 40.9 percent below 1983's record high.

Elsewhere, the average factory workweek rose to an adjusted 39.4 hours per week after hovering just above 39 hours for more than a year. Industrial electric power sales in the region fell a seasonally adjusted 0.2 percent in the quarter, but were 3.5 percent higher than a year ago.

The area's construction industry did slightly better last quarter. Residential contracts increased in value 2 percent over the quarter and 35 percent over the year. Nonresidential contract values rose 4 percent and 16 percent over the same time periods.

Scranton-Wilkes-Barre

The Scranton-Wilkes-Barre area economy grew slightly during the third quarter. Especially notable was the 5.5 thousand seasonally adjusted decline in area unemployment. With 30.3 thousand residents counted as unemployed, the jobless level was at its lowest since 1979.

A record level of resident employment and a slightly smaller civilian labor force helped push the seasonally adjusted unemployment rate down 1.1 percentage points to 9.1 percent. A year ago, the unemployment rate stood at 11.8 percent. Employment grew an adjusted 1.4 percent during the quarter. At a seasonally adjusted 315.3 thousand, there were 4.5 percent more residents employed relative to a year ago. Employment was at its

Allentown-Bethlehem Area¹

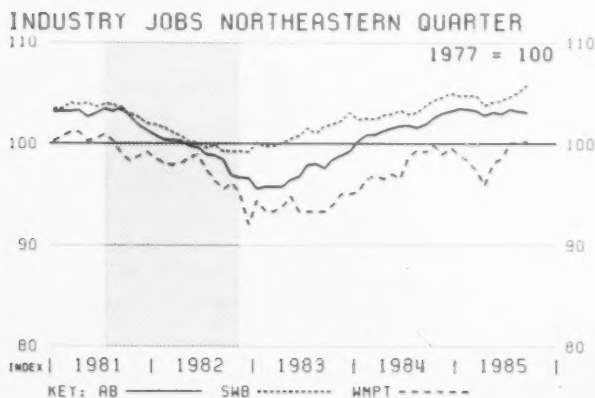
	Ave mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q '85	3 Q '85	2 Q '85	3 Q '84
Employment (in thousands)				
Employed, no. of residents	299.7	108	107	104
Unemployed, no. of residents	24.4	121	125	144
Rate, seasonally adjusted	7.7			
Civilian labor force, no. of residents	324.1	109	108	107
Local industries (in thousands)				
All nonagricultural ind., no. of				
wage and salary jobs	266.3	103	103	102
Nonmfg. only, no. of jobs	179.2	120	119	115
Mfg. only, no. of jobs	87.0	80	81	84
Hrs. worked by production workers				
in mfg., ave. weekly	39.6	103	102	102
Industrial electric power sales				
Metropolitan area	***	108	109	105
Allentown	***	103	104	101
Bethlehem	***	113	115	108
Easton	***	100	90	103
Construction contracts awarded				
(in millions of dollars)	Total	Percentage Change		
	3 Q '85	Quarter Ago	Year Ago	
Residential contracts only	68.5	+2	+35	
Nonresidential contracts only	26.2	+4	+16	

¹Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

highest level since data collection began in 1970 in both Lackawanna and Luzerne Counties.

The addition of 2.9 thousand new jobs in the area's nonmanufacturing establishments raised the sector's employment to its highest level ever, 200.5 thousand after seasonal adjustment. Factory employment fell by an adjusted 100 persons to 73.7 thousand during the quarter. The end result was a seasonally adjusted 1.1 percent jump in nonagricultural employment to 274.3 thousand, its highest level since 1979.

The area's construction industry showed improvement over the quarter. The value of residential contracts increased 8 percent during the quarter while nonresidential awards nearly doubled in value. Construction activity was mixed compared to third quarter 1984 levels. Residential contract values jumped a healthy 41 percent but nonresidential contracts remained 22 percent below year-ago values.



Williamsport

The Williamsport MSA showed improvement in all sectors of the economy during the third quarter. Total employment, at an adjusted 48 thousand residents, finally reached 1979 pre-recession averages. Employment was an adjusted 2.8 percent higher than in the previous quarter.

In falling an adjusted 1.1 thousand, the number of residents counted as unemployed dipped to its lowest level since 1979, 4.6 thousand. Coupled with a slight increase in the labor force, this pushed the seasonally adjusted unemployment rate down 2 percentage points to 8.7 percent. This is down 2.8 points from a year ago.

Williamsport was one of the few areas in the State where factory employment grew over the quarter. Employment rose a surprising 4.1 percent to an adjusted level of 15.2 thousand for the first increase since last year's fourth quarter. However, employment in the sector was still 15.8 percent lower than in 1979.

The nonmanufacturing sector set a new employment record during the third quarter. The number of jobs in the sector rose by 600 to a total of 30.8 thousand after seasonal adjustment. Employment in nonmanufacturing establishments increased by 500 workers over the year.

Also encouraging was the adjusted 0.5 hour increase in the average factory workweek to 39.6 hours per

Scranton-Wilkes-Barre Area¹

	Ave mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q '85	3 Q '85	2 Q '85	3 Q '84
Employment (in thousands)				
Employed, no. of residents				
Metropolitan area	322.2	110	109	106
Lackawanna County ²	99.9	111	109	106
Luzerne County ³	150.5	111	109	106
Unemployed, no. of residents				
Metropolitan area	30.4	95	112	125
Rate, seasonally adjusted	9.1			
Lackawanna County ²	8.5	90	101	106
Luzerne County ³	16.7	104	123	146
Civilian labor force, no. of residents				
Metropolitan area	352.6	109	109	108
Lackawanna County ²	108.4	108	108	106
Luzerne County ³	167.2	110	111	110
Local industries, Metropolitan area (in thousands)				
All nonagricultural ind., no. of				
wage and salary jobs	276.9	105	104	103
Nonmfg. only, no. of jobs	202.5	113	111	109
Mfg. only, no. of jobs	74.1	89	89	91
Hrs. worked by production workers				
in mfg., ave. weekly	38.0	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area ⁴	***	101	101	103
Lackawanna County ²	***	108	106	106
Luzerne County ³	***	94	96	97
Hazleton	***	88	90	89
Wilkes-Barre	***	97	99	101
Construction contracts awarded				
(in millions of dollars)	Total	Percentage Change		
	3 Q '85	Quarter Ago	Year Ago	
Residential contracts only	65.5	+ 8	+ 41	
Nonresidential contracts only	34.3	+97	-22	

¹Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties

²Includes Scranton

³Includes Wilkes-Barre and Hazleton

⁴Excludes Wyoming County

week, unchanged from a year ago. Electricity sales to industrial customers rose an adjusted 5.7 percent during the period. However, sales were down a startling 27.4 percent from a year ago.

Construction activity in the area also picked up during the third quarter. The value of contracts awarded jumped 23 percent in the residential area and tripled second quarter values for nonresidential construction. Both measures of activity were considerably higher than a year ago.

Northwestern Quarter

Erie

The employment situation in the Erie area last quarter was cloudy. Factory employment dropped to its lowest level since early 1984. There was an adjusted decline of 600 factory jobs over the quarter, pushing average monthly manufacturing employment down to 35.9 thousand. Employment was 19.8 percent less than the average level during 1979, the year before the two most recent recessions.

Meanwhile, nonmanufacturing employment rose a seasonally adjusted 1.8 percent to 74.2 thousand, the highest level on record. Employment in the sector was 3.3 percent higher than the year-earlier level. The end result was a slight 0.7 percent seasonally adjusted increase in total nonagricultural employment during the quarter.

Resident employment in the area rose by 600 to a seasonally adjusted 115 thousand last quarter. A year ago, there were 111.5 thousand area residents employed. The number of individuals counted as unemployed fell a seasonally adjusted 12.4 percent to 10.6 thousand during the period, the lowest level since 1980:IIQ. This helped push the unemployment rate down 0.9 percentage point to 8.5 percent on a seasonally adjusted basis. The rate stood at 10.1 percent a year earlier.

The slump in manufacturing was reflected in another decrease in industrial power sales. Electricity sales, at their lowest level since 1984:IQ, dropped an adjusted 7.5 percent over the quarter and were 11.1 percent below third quarter 1984 levels. However, the average

Williamsport Area¹

	Ave. mo. value 3 Q '85	Average monthly index seas. adj. (1977 = 100)		
		3 Q '85	2 Q '85	3 Q '84
Employment (in thousands)				
Employed, no. of residents	48.8	104	101	101
Unemployed, no. of residents	4.2	101	124	132
Rate, seasonally adjusted	8.7			
Civilian labor force, no. of residents	53.0	104	103	104
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	46.0	100	98	99
Nonmfg. only, no. of jobs	30.8	109	107	107
Mfg. only, no. of jobs	15.2	86	82	86
Hrs. worked by production workers in mfg., ave. weekly	39.6	102	100	102
Industrial electric power sales	***	80	76	110
Construction contracts awarded (in millions of dollars)				
	Total 3 Q '85	Percentage Change		
		Quarter Ago	Year Ago	
Residential contracts only	6.5	+ 23	+ 59	
Nonresidential contracts only	19.2	+ 205	+ +	

¹Lycoming County

factory workweek rose an adjusted 0.8 hour to 42.3 hours per week, the highest level in the State. Increases in the workweek are often an indication of a future jump in manufacturing activity.

Construction activity dropped off last quarter. The value of residential contracts ended the quarter about two-thirds the value of contracts made a year earlier and about one-half the value from the previous quarter. Nonresidential contracts were valued 53 percent less than second quarter awards and remained 26 percent less than a year ago.

Sharon

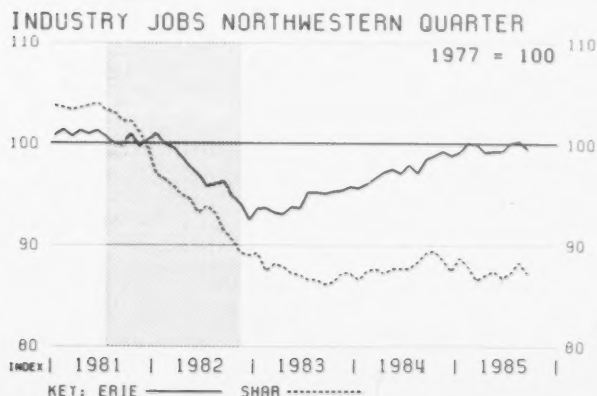
The number of jobs in Sharon area manufacturing establishments rose a slight seasonally adjusted 1 percent during the third quarter, going against the downward trend evident throughout much of the State. Despite the gain, the 10.2 thousand workers in the sector represent a 6.4 percent reduction from a year ago. Factory employment was 39.6 percent below 1979 levels.

Nonmanufacturing establishments added a seasonally adjusted 200 workers during the period, erasing the previous quarter's decline. Third quarter's 29.5 thousand workers represent the highest level of employment in the sector since 1982:IIIQ.

Despite the addition of 300 jobs during the quarter, employment in the Sharon area's nonagricultural establishments stood 0.8 percent less than a year ago.

Although manufacturing employment picked up somewhat over the quarter, sales of electrical power to industries declined a seasonally adjusted 11.2 percent. Industrial power sales are a short-run indicator of industrial activity.

Resident employment in the area rose an adjusted 0.7 percent in the quarter to 44.4 thousand. This left employment 1.8 percent higher than last year and at its highest level since 1982:IIIQ. The number of residents counted as unemployed fell by an adjusted 800 persons to its lowest level since the second quarter of 1981. This



Erie Area¹

	Ave. mo. value 3 Q '85	Average monthly index seas. adj. (1977 = 100)		
		3 Q '85	2 Q '85	3 Q '84
Employment (in thousands)				
Employed, no. of residents	118.2	105	104	101
Unemployed, no. of residents	9.8	116	133	138
Rate, seasonally adjusted	8.5			
Civilian labor force, no. of residents	128.0	105	106	104
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	110.9	100	99	98
Nonmfg. only, no. of jobs	74.6	110	108	106
Mfg. only, no. of jobs	36.3	84	85	84
Hrs. worked by production workers in mfg., ave. weekly	42.2	103	101	103
Industrial electric power sales	***	87	94	98
Construction contracts awarded (in millions of dollars)				
	Total 3 Q '85	Percentage Change		
		Quarter Ago	Year Ago	
Residential contracts only	8.9	-49	-32	
Nonresidential contracts only	13.1	-53	-26	

¹Erie County

helped lower the unemployment rate 1.3 percentage points to a seasonally adjusted 9.2 percent. Last year, the unemployment rate stood at 12.8 percent.

Residential construction contract values were down nearly one-third from the second quarter and 12 percent from a year ago. Nonresidential contract values, on the other hand, rose more than 300 percent over the quarter and were 53 percent higher than a year ago.

Sharon Area¹

	Ave. mo. value 3 Q '85	Average monthly index seas. adj. (1977 = 100)		
		3 Q '85	2 Q '85	3 Q '84
Employment (in thousands)				
Employed, no. of residents	45.3	92	92	91
Unemployed, no. of residents	4.2	111	132	158
Rate, seasonally adjusted	9.2			
Civilian labor force, no. of residents	49.4	94	95	96
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	39.8	88	87	88
Nonmfg. only, no. of jobs	29.3	102	101	100
Mfg. only, no. of jobs	10.4	63	62	67
Industrial electric power sales	***	93	104	106
Construction contracts awarded (in millions of dollars)				
	Total 3 Q '85	Percentage Change		
		Quarter Ago	Year Ago	
Residential contracts only	5.2	-32	-12	
Nonresidential contracts only	6.6	+313	+53	

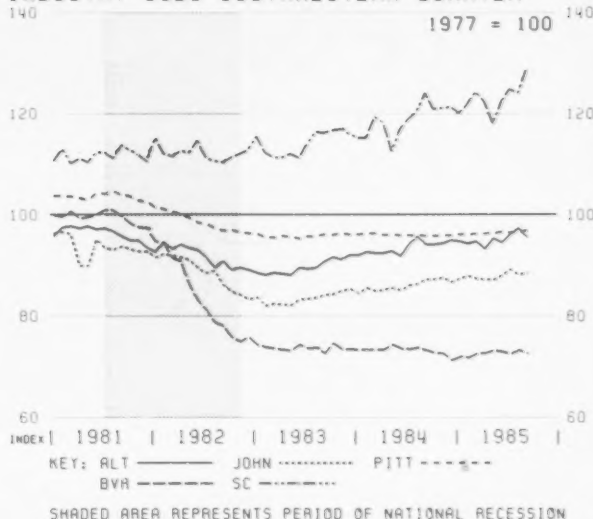
¹Mercer County

Southwestern Quarter

Altoona

The manufacturing and nonmanufacturing sectors of the Altoona economy both showed gains in employment last quarter. Job levels in nonmanufacturing industries rose

INDUSTRY JOBS SOUTHWESTERN QUARTER



from a seasonally adjusted 37.4 thousand in the second quarter to 38.2 thousand in the third. In rising to its highest level since the first quarter of 1980, nonmanufacturing employment stood 3.2 percent higher than a year ago.

Manufacturing employment increased by a slight 200 workers to an adjusted third quarter level of 11.1 thousand. This only partially offsets the second quarter's loss of 400 jobs. These establishments employed 300 fewer workers than a year ago.

The length of the average factory workweek rose for the second straight quarter. In increasing 0.4 hour to 39.7 hours per week after seasonal adjustment, the workweek reached its highest level since 1979.

Total resident employment rose for the sixth straight quarter. At 52.2 thousand, employment was an adjusted 2.2 percent higher than in the previous quarter and 4.2 percent higher than in 1984:IIIQ. The civilian labor force increased 1.7 percent on an adjusted basis last quarter in the Altoona area. There was a seasonally

Altoona Area¹

	Ave. mo. value 3 Q '85	Average monthly index seas. adj. (1977 = 100)		
		3 Q '85	2 Q '85	3 Q '84
Employment (in thousands)				
Employed, no. of residents	53.8	101	99	97
Unemployed, no. of residents	5.5	146	150	156
Rate, seasonally adjusted	10.1			
Civilian labor force, no. of residents	59.3	104	102	101
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	50.0	96	94	95
Nonmfg. only, no. of jobs	38.8	100	98	97
Mfg. only, no. of jobs	11.2	84	84	87
Hrs. worked by production workers in mfg., ave. weekly	39.8	104	103	103
Industrial electric power sales	***	81	82	85
Construction contracts awarded (in millions of dollars)				
	Total 3 Q '85	Percentage Change		
		Quarter Ago	Year Ago	
Residential contracts only	4.0	-47	-46	
Nonresidential contracts only	4.3	-16	+617	

¹Blair County

adjusted 3.3 percent fall in the number of unemployed residents. Together, these events helped lower the unemployment rate 0.2 point to a seasonally adjusted 10.1 percent. A year ago, 11.3 percent of the Altoona labor force was without work.

Both industrial power sales and construction activity in the area slackened a bit during the third quarter. Industrial power sales decreased an adjusted 1.7 percent over the period and 5.2 percent from the year-ago quarter. Third quarter residential building contracts were at about one-half their value in the previous quarter and a year ago. Nonresidential contracts fared better: although they decreased in value by 16 percent over the quarter, they were more than seven times higher in value than contracts awarded a year ago.

Johnstown Area¹

	Ave. mo. value 3 Q '85	Average monthly index seas. adj. (1977 = 100)		
		3 Q '85	2 Q '85	3 Q '84
Employment (in thousands)				
Employed, no. of residents	92.8	93	91	88
Unemployed, no. of residents	10.9	112	122	140
Rate, seasonally adjusted	11.6			
Civilian labor force, no. of residents	103.6	95	94	94
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	78.6	89	87	86
Nonmfg. only, no. of jobs	66.3	98	97	95
Mfg. only, no. of jobs	12.4	58	58	59
Hrs. worked by production workers in mfg., ave. weekly	38.0	98	94	94
Industrial electric power sales	***	155	148	152
Construction contracts awarded (in millions of dollars)				
	Total	Percentage Change		
	3 Q '85	Quarter Ago	Year Ago	
Residential contracts only	11.4	-26	-7	
Nonresidential contracts only	5.2	-64	-5	

¹Cambria and Somerset Counties

Johnstown

The third quarter was one of recovery in the Johnstown area. Resident employment, adjusted to 90.2 thousand workers, was at its highest level since the first quarter of 1982. Employment rose a seasonally adjusted 1.5 percent or 1,300 workers over the quarter for its tenth consecutive quarterly advance. Last year, 86.1 thousand Johnstown residents were employed. Unemployment declined 8.4 percent to an adjusted level of 12 thousand. This is down from 15 thousand last year and leaves the number of unemployed at its lowest level since 1980:1Q.

The unemployment rate fell closer to pre-recession levels, dropping 1.1 percentage points over the quarter to 11.6 percent on an adjusted basis. The rate, although the second highest among the State's labor market areas, was 11.7 points lower than its record set in 1983.

As elsewhere in the State, job gains were realized in the area's nonmanufacturing sector. At a seasonally adjusted 65.5 thousand, employment in the sector increased 1.7 percent over the quarter and 3.3 percent over the year. Despite those gains, nonmanufacturing employment remained nearly 7 percent below the 1979 average level.

The job gains helped push total nonagricultural employment up to an adjusted level of 77.7 thousand, a 1.3 percent increase from the second quarter. But the gains in establishment jobs were restricted by continued declines in manufacturing. Although unadjusted data showed no change in manufacturing employment, after seasonal adjustment there was a decrease of 100. Factory job levels also declined by 300 over the year and remained 40 percent below the 1979 average level.

Despite this fall in manufacturing employment, industrial power sales ended the quarter an adjusted 4.8 percent higher than during the second quarter and 1.7 percent higher than in the third quarter of last year. The average factory workweek rose a seasonally adjusted 1.5 hours to 38.2 hours per week. This represents the largest jump in the State.

The area's construction industry slackened during the quarter. Residential contracts declined in value 26 percent while nonresidential contracts declined 64 percent. Residential and nonresidential contracts declined by 7 and 5 percent, respectively, over the year.

Pittsburgh-Beaver Valley

While hard times continued for manufacturers in the Pittsburgh-Beaver Valley area, increases in nonmanufacturing employment helped keep third quarter jobless levels in check. The Beaver County area once again had the State's highest unemployment rate, an adjusted 12.7 percent. However, this is down from the previous period's 13.9 percent. The reduction partially reflects an adjusted 9.9 percent decrease in resident unemployment to 10 thousand. Resident employment fell a seasonally adjusted 0.9 percent in Beaver County to 68.6 thousand.

The unemployment rate fell in the four-county Pittsburgh region from a seasonally adjusted 10 percent in the second quarter to 9 percent in the third, a significant improvement from the 1983 high of 15.5 percent. Similarly, unemployment levels were at their lowest since 1981. There were 11.1 thousand fewer residents out of work during the third quarter relative to the second and 31.5 thousand fewer than a year ago. Resident employment in the Pittsburgh region increased slightly to an adjusted 879.2 thousand.

At a seasonally adjusted 705.8 thousand, there was a record number of workers in the Pittsburgh area nonmanufacturing sector. Nonmanufacturing employment has risen in the area six consecutive quarters. In Beaver County, nonmanufacturing job levels increased for the fourth consecutive quarter, ending the period at an adjusted 40.1 thousand. This is up from the second quarter's 39.4 thousand.

Gains in total nonagricultural employment were once again restricted by continued declines in factory job levels. Manufacturing employment declined to its lowest level since data collection began in 1975. In the Pittsburgh area, 2.9 thousand jobs were lost in the sector, resulting in an adjusted employment level of

Pittsburgh¹-Beaver Valley Area

	Ave. mo. value 3 Q '85	Average monthly index seas. adj. (1977 = 100) 3 Q '85 2 Q '85 3 Q '84		
Employment (in thousands)				
Employed, no. of residents				
Pittsburgh ¹	898.8	101	101	98
Beaver County	69.0	76	76	75
Unemployed, no. of residents				
Pittsburgh ¹	84.2	137	155	187
Beaver County	10.3	153	171	162
Unemployment Rate, seas. adj.				
Pittsburgh ¹	9.0			
Beaver County	12.7			
Civilian labor force, no. of residents				
Pittsburgh ¹	983.0	104	105	104
Beaver County	79.4	81	83	81
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs				
Pittsburgh ¹	847.4	97	96	96
Beaver County	54.5	73	73	73
Nonmfg. only, no. of jobs				
Pittsburgh ¹	710.5	108	108	106
Beaver County	39.7	105	104	102
Mfg. only, no. of jobs				
Pittsburgh ¹	136.6	62	63	66
Beaver County	14.9	40	42	46
Hrs. worked by production workers in mfg., ave. weekly				
Pittsburgh ¹	40.7	n.a.	n.a.	n.a.
Beaver County	38.7	n.a.	n.a.	n.a.
Industrial electric power sales	***	65	68	74
Construction contracts awarded (in millions of dollars)				
	Total 3 Q '85	Percentage Change Quarter Year Ago Ago		
Residential contracts only				
Pittsburgh ¹	124.6	- 3	+ 28	
Beaver County	7.2	- 14	+ 9	
Nonresidential contracts only				
Pittsburgh ¹	199.4	+ 15	+ 62	
Beaver County	1.4	- 77	+ 40	

¹Allegheny, Fayette, Washington and Westmoreland Counties

135.2 thousand during the quarter. This represents the sixth consecutive quarterly decline registered in the sector. In Beaver County, adjusted factory employment dropped 800 during the quarter to 15.2 thousand.

The sluggishness in the area's manufacturing sector was apparent in last quarter's seasonally adjusted 4 percent decline in industrial power sales. Electricity sales fell 11.2 percent relative to year-ago levels.

The area's construction industry also showed declines over the quarter. Only nonresidential contract values in the Pittsburgh region improved during the three-month period. Construction in all sectors, however, improved from year-earlier levels.

State College

During a time when most areas in the State recorded declines in factory employment, manufacturing job levels in the State College area reached an all-time high last quarter. With an adjusted level of 8.1 thousand workers, manufacturing employment was 3.8 percent higher than a quarter earlier and 1.3 percent higher than the 1984 third quarter level.

In addition, the seasonally adjusted labor force,

resident employment, and nonmanufacturing job levels all set new records. The civilian labor force topped out at 56.3 thousand, up 1 thousand from the previous quarter. Resident employment increased by 1.6 thousand over the quarter to 52.6 thousand. Nonmanufacturing employment, at 43.1 thousand, was 1.7 thousand higher than the second quarter level.

The number of State College area residents counted as unemployed stood at 3.7 thousand. While not a record low, it is 14 percent less than in the previous period. As conditions improved, the area's unemployment rate

State College Area¹

	Ave. mo. value 3 Q '85	Average monthly index seas. adj. (1977 = 100) 3 Q '85 2 Q '85 3 Q '84		
Employment (in thousands)				
Employed, no. of residents	52.8	127	123	119
Unemployed, no. of residents	3.4	139	164	172
Rate, seasonally adjusted	6.6			
Civilian labor force, no. of residents	56.2	128	126	122
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	50.2	126	121	121
Nonmfg. only, no. of jobs	42.2	126	121	121
Mfg. only, no. of jobs	8.0	126	122	124
Industrial electric power sales	***	100	100	106
Construction contracts awarded (in millions of dollars)	Total	Percentage Change		
	3 Q '85	Quarter Ago	Year Ago	
Residential contracts only	19.0	- 6	+ 70	
Nonresidential contracts only	14.6	+ 595	+ 198	

¹Centre County

dropped 1.2 percentage points to 6.6 percent on a seasonally adjusted basis, the lowest it has been since 1980:1Q.

Nonresidential construction in the State College area took off during the third quarter. Contracts awarded increased in value almost seven times from second quarter levels and nearly tripled third quarter 1984 values. Residential construction contracts decreased in value slightly last quarter but remained 70 percent above year-ago levels.

— Anita J. Katz and
William D. Anderson

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